GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:837
ANSWERED ON:20.07.2017
Hike in Air Fare
Mani Shri Jose K.;Rajbhar Shri Hari Narayan;Thomas Prof. Kuruppassery Varkey;Venugopal Shri K. C.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there are complaints from NRIs in the Gulf Region that airfare is hiked very frequently during festive seasons and educational institutions holidays without any reasons, and if so, the reasons therefor;

(b) whether taking advantage of rush from Gulf countries to Kerala during festive season and summer vacation, airline companies serving the gulf sector fleece the Indian workers by charging 5 to 6 times the normal fare and if so, the details thereof;

(c) whether the Government of Kerala has urged the Union Government to intervene and to put a cap on airfares in the gulf sector and to operate additional Air India Express flights to clear the peak season rush and if so, the response of the Government thereto;

(d) whether the Government proposes to take any measures to increase the number of seats to Gulf sector flights particularly during festival season and if so, the details thereof;

(e) the actions taken by the Government to stop the price hike by various airlines between the Gulf sector and India during festival seasons; and

(f) whether the Government proposes to introduce any permanent monitoring mechanism to monitor the fixation of airfare in the country and if so, the details thereof?

Answer

The Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) to (f): The issue of hike in air fare has been raised by Kerala Government and other agencies from time to time. Pricing of air tickets forms strategic framework of the airlines based on market dynamics controlled through the inventory management process. Airlines offer fares at various levels (fare buckets) which are driven by demand and other market forces. The airfares increase with the increase in demand for seats, as the lower fare buckets get sold out first. This is a global practice followed in the aviation industry. With the repeal of Air Corporations Act in March 1994, the provision of tariff approval was dispensed with by the Government. Airlines are now permitted to fix their own tariffs under the provision of Sub-rule (1) of Rule 135, Aircraft Rules 1937 having regard to all relevant factors, characteristics of service, reasonable profit and the generally prevailing tariff. Airlines remain compliant to the regulatory provisions of Sub-Rule 2 of the Rule 135 as long as the fare charged by them does not exceed the displayed fare structure on their website. Any seat enhancement to meet the festival rush is considered by the Ministry on a case to case basis within certain limits and taking into account the interest of Indian designated carriers.